

## Message Text

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FM AMEMBASSY ATHENS

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INFO USMISSION EC BRUSSELS

AMEMBASSY ANKARA

C O N F I D E N T I A L ATHENS 2066

EO 11652: GDS

TAGS: EEC PFOR GR

SUBJECT: PAPALIGOURAS MISSION TO EUROPEAN COMMISSION

REF: A. ATHENS 1793; B. ATHENS 2063; C. EC BRUSSELS 2192

SUMMARY: COORDINATION MIN PAPALIGOURAS DESCRIBED HIS VISIT TO BRUSSELS LAST WEEK AS A GESTURE OF RECONCILIATION TO THE COMMISSION, SINCE "WE CANNOT AFFORD THE LUXURY OF A VICTORY OVER THE COMMISSION". PAPALIGOURAS HOPES NEGOTIATIONS CAN BE COMPLETD AND THE AGREEMENT SIGNED BY THE END OF 1978, WHICH WOULD, ALLOWING DELAY FOR RATIFICATION BY TEN PARLIAMENTS, IMPLY FULL MEMBERSHIP BY END OF 1979. HE ASSERTED TURKEY IS RAISING OBJECTIONS IN BRUSSELS TO GREECE'S FULL ENTRY, BUT REAFFIRMED THE GOG PLEDGE NOT TO BLOCK TURKEY AFTER GREECE BECOMES A FULL MEMBER. MEANWHILE, CONSULTATIONS ON THE ACCELERATION OF AGRICULTURAL HARMONIZATION ARE PROCEEDING. THE COORDINATION MINISTRY CURRENTLY ANTICIPATES TOTAL NET RECEIPTS FROM VARIOUS EC SOURCES AFTER FULL MEMBERSHIP AT ROUGHLY \$400 MILLION PER YEAR (IN 76 PRICES) END SUMMARY.

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1. IN COURSE OF A CALL MARCH 3 ON COORDINATION

MINISTER PAPALIGOURAS BY THE AMBASSADOR, DEPUTY ASSISTANT SECY LAINGEN, AND THE ECON/COMM COUNSELOR, PAPALIGOURAS EXPRESSED SATISFACTION WITH THE WARM RECEPTION BY EUROPEAN COMMISSION OFFICIALS DURING HIS VISIT TO BRUSSELS LAST WEEK. ACCORDING TO PAPALIGOURAS, A PRIMARY PURPOSE OF TRIP WAS TO PROMOTE GOODWILL BETWEEN THE GOG AND COMMISSION IN THE AFTERMATH OF CONTROVERSY SEVERAL WEEKS AGO OVER THE COMMISSIONS AVIS ON GREEK ACCESSION TO THE EC. BECAUSE OF THE COMMISSIONS CONTINUING EVERYDAY INFLUENCE ON MATTERS CRUCIAL TO GREECE, PAPALIGOURAS WANTED TO DEMONSTRATE THAT THERE WERE NO HARD FEELINGS IN GREECE.

2. WITH RESPECT TO TIMING, PAPALIGOURAS HOPES THAT AGREEMENT ON FULL MEMBERSHIP COULD BE SIGNED BY END OF 1978, WITH RATIFICATION BY THE TEN PARLIAMENTS TAKING PERHAPS ANOTHER YEAR. HE REJECTED ANY KIND OF "PRE-ADHESION" ARRANGEMENT AS ONLY POSTPONING UNNECESSARILY FULL MEMBERSHIP.

3. PAPALIGOURAS EXPRESSED APPRECIATION FOR THE FAVORABLE US ATTITUDE TOWARD GREECE'S ENTRY INTO THE EC, AND ACKNOWLEDGED THE US DESIRE TO AVOID STRONG PUBLIC STATEMENTS ON THE SUBJECT THAT COULD BE CRITICIZED AS INTERFERENCE IN COMMUNITY AFFAIRS.

4. AS FOR TURKEY, PAPALIGOURAS ASSERTED THAT HE HAD FIRM INTELLIGENCE THAT TURKS--INCLUDING TURKISH FONMIN CAGLAYANGIL IN HIS CURRENT VISIT TO BRUSSELS (REF B&C) -- ARE RAISING OBJECTIONS TO GREECE'S FULL MEMBERSHIP. HE STATED THAT IT WAS, HOWEVER, "RIDICULOUS" TO EXPECT GREECE TO WAIT UNTIL TURKEY'S LEVEL OF ECONOMIC DEVELOPMENT "CAUGHT UP", AND HE REAFFIRMED EARLIER GOG STATEMENTS TO THE EFFECT THAT GREECE AS A FULL EC MEMBER WOULD NOT USE THE EC IN ANY WAY AGAINST TURKISH INTERESTS.

5. IN A SEPARATE CONVERSATION BETWEEN EMBASSY ECONOMIC OFFICER AND COORDINATION MINISTRY DIRGEN VARFIS (WHO WAS MEMBER OF PAPALIGOURAS DELEGATION  
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TO BRUSSELS), VARFIS MADE THE FOLLOWING OBSERVATIONS:

A. AGRICULTURAL HARMONIZATION: PAPALIGOURAS ALSO DISCUSSED IN BRUSSELS THE ACCELERATION OF AGRICULTURAL HARMONIZATION. CURRENT ARRANGEMENTS NOW PROVIDE FOR EARLIEST POSSIBLE INTEGRATION OF CERTAIN SEGMENTS OF THE AGRICULTURAL SECTOR, REGARDLESS OF ACCESSION NEGOTIATIONS. THE MOST PROMISING AREAS FOR EARLY HAR-

MONIZATION ARE FRUITS AND VEGETABLES, CEREALS, AND POSSIBLY WINE. THE HARMONIZATION OF THE REST OF GREECE'S AGRICULTURAL PRODUCTION WILL AWAIT THE ACCESSION NEGOTIATIONS. VARFIS WILL LEAD A WORKING PARTY TO BRUSSELS IN MID-MARCH FOR TECHNICAL DISCUSSIONS ON HARMONIZATION.

B. SECOND FINANCIAL PROTOCOL: VARFIS INDICATED THAT THE EC'S CONSIDERATION OF SECOND FINANCIAL PROTOCOL IS NOT YET COMPLETE AND PROBABLY WILL NOT BE COMPLETED BEFORE APRIL. IN FACT THE EC GREEK MINISTERIAL COUNCIL SCHEDULED FOR APRIL MAY BE POSTPONED IF IT APPEARS THAT THE FINAL DECISION ON THE PROTOCOL WILL NOT BE READY UNTIL MAY. VARFIS WAS IMPRECISE ON THE AMOUNT GREECE EXPECTS TO RECEIVE, BUT TALKED IN TERMS OF UNDER \$100 MILLION PER YEAR OVER THE FIVE YEAR PERIOD. NOTE: THE MAXIMUM AMOUNT WHICH GREECE MIGHT HOPE TO RECEIVE WOULD BE 400 MILLION UNITS OF ACCOUNT OVER THE FIVE YEARS. HOWEVER HE POINTED OUT THAT SECOND FINANCIAL PROTOCOL, ALTHOUGH IT WOULD BE HELPFUL, WAS FAR LESS IMPORTANT IN TERMS OF ASSISTING GREECE'S INFRASTRUCTURE DEVELOPMENT THAN WOULD BE THE BENEFITS FROM OTHER FUNDS AFTER FULL ENTRY. HE ESTIMATED THAT NET RECEIPTS FROM THE FEOGA, THE REGIONAL FUND, THE SOCIAL FUND AND THE EUROPEAN INVESTMENT BANK WOULD RUN TO APPROX \$400 MILLION PER YEAR (IN 1976 PRICES), I.E. 30 PERCENT OF GREECE'S PUBLIC INVESTMENT BUDGET.

C. PROBLEMS OF FULL MEMBERSHIP: VARFIS INDICATED THAT SERIOUS STUDY IS BEING GIVEN BY THE MINISTRY OF INDUSTRY AND KEPE TO DISADVANTAGES TO VARIOUS SEGMENTS OF THE INDUSTRIAL SECTOR. HE ADMITTED THAT THERE

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WOULD BE PROBLEMS AND THAT HE PERSONALLY HAS HEARD SOME COMPLAINTS FROM TEXTILE MANUFACTURERS, STEEL PRODUCERS AND SOME OTHERS, BUT HE IS STILL OPTIMISTIC ABOUT THE CAPABILITY OF INDUSTRY TO ADAPT--PARTICULARLY THROUGH MERGERS AND CAPITAL IMPROVEMENTS.

D. EC REPRESENTATION IN ATHENS: VARFIS CONFIRMED THAT THE SMALL EC INFORMATION OFFICE WHICH HAS OPERATED IN ATHENS FOR YEARS HAS NOT BEEN ENLARGED INTO A LIAISON OFFICE, BASICALLY WITH PUBLIC RELATIONS RESPONSIBILITIES. THE NEW DIRECTOR IS MR. KOHLHASSE, A MIDDLE LEVEL EC COMMISSION EMPLOYEE. KOHLHASSE HAS BEEN DIRECTING THE ENLARGEMENT EFFORT FOR ABOUT FOUR MONTHS, DIVIDING HIS TIME BETWEEN ATHENS AND GENEVA. HE IS NOW RESIDENT FULL TIME IN ATHENS. ENABLING LEG-

ISLATION FOR THE ESTABLISHMENT OF THIS "DIPLOMATIC"  
MISSION HAS PASSED PARLIAMENT AND THE INAUGURATION OF  
THE OFFICE WILL PROBABLY TAKE PLACE IN MAY WHEN EC  
COMMISSION VICE PRESIDENT SCARASCIA-MUGNOZZA WILL BE  
AVAILABLE TO VISIT ATHENS. THE OFFICE IS, HOWEVER,  
ALREADY OPERATIONAL.  
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